United Nations

United Nations Institute for Training and Research

Financial report and audited financial statements for the year ended 31 December 1991 and Report of the Board of Auditors

General Assembly
Official Records • Forty-seventh Session
Supplement No. 5D (A/47/5/Add.4)

United Nations Institute for Training and Research

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1 April 1992

Sir,

Pursuant to financial regulation 11.4, I have the honour to submit the annual accounts of the United Nations Institute for Training and Research as at 31 December 1991, which I hereby approve.

Copies of these financial statements are also being transmitted to the Advisory Committee on Administrative and Budgetary Questions.

Accept, Sir, the assurances of my highest consideration.

(Signed) Marcel BOISARD
Acting Executive Director of UNITAR

The Chairman
The Board of Auditors
United Nations
New York

30 June 1992

Sir,

I have the honour to transmit to you the financial statements of the United Nations Institute for Training and Research for the financial period ended 31 December 1991, which were submitted by the Acting Executive Director. These statements have been examined and include the audit opinion of the Board of Auditors.

In addition, I have the honour to present the report of the Board of Auditors with respect to the above accounts.

Accept, Sir, the assurances of my highest consideration.

(Signed) Osei Tutu PREMPEH
Auditor-General of Ghana
and Chairman of the
United Nations Board of Auditors

The President of the General Assembly
of the United Nations
New York, N.Y.

I. FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 1991

Introduction

1. The Executive Director has the honour to submit herewith the financial report, together with the accounts for the year ended 31 December 1991, of the United Nations Institute for Training and Research (UNITAR). The report is presented in accordance with subparagraph 3 (i) of article IV of the statute of the Institute.

Statement I

UNITAR General Fund: status of expenditure against approved budget

2. Statement I gives the status of expenditure against approved budget for the year ended 31 December 1991. The budget approved by the UNITAR Board of Trustees at its meeting in May 1991 was $1,450,323. Total expenditures amounted to $1,759,519.

Statement II

UNITAR General Fund: statement of income and expenditure

3. The amount of $757,799 shown in statement II was paid by Governments as contributions to the General Fund for 1991 and payment of prior period outstanding pledges (see note 2 to the financial statements). In addition, $309,691 was received as other income bringing the total income for the year to $1,067,490. The expenditures for the year amounted to $1,759,519, which resulted in an excess of expenditure of $692,029 over income.

Statement III

UNITAR General Fund: statement of assets and liabilities

4. Statement III reflects the assets and liabilities of the General Fund as at 31 December 1991. The assets, totalling $282,630, consisted of cash of $157,713, accounts receivable of $117,905, and deferred charges of $7,012. The liabilities of the General Fund amounted to $5,610,937. Of this, $26,375 was for accounts payable, $10,310 for unliquidated obligations (statement I), and $2,869,065 was due to the United Nations General Fund. A reimbursable advance of $686,000 from the United Nations General Fund is reflected as approved by General Assembly resolution 38/177 of 19 December 1983; repayments began in 1986. In addition, an amount of $1,985,546 is due to the United Nations for expenditures charged to the UNITAR Reserve Account. Accordingly, the total amount due to the United Nations from the UNITAR General Fund amounts to $5,540,611.

5. The fund balance as at 31 December 1991 for the UNITAR General Account shows a deficit of $3,342,761. This balance comprises the deficit as at 1 January 1991 of $2,650,732, plus excess of expenditure over income (statement II) of $692,029. Cumulative expenditures against the Reserve Account amount to $1,985,546. This Account is discussed below.

Expenditure against the UNITAR Reserve Account

6. As a transitional measure pending completion of the process of scaling down the Institute's expenditures to the level approved in the 1989 budget, certain costs are being carried temporarily outside the budget of UNITAR against the proceeds anticipated from the proposed sale of the UNITAR building. These costs include salaries and entitlements of staff whose posts have been abolished pending expiration of their contracts or transfer to other sources of funding, the costs of security services prior to their reintroduction into the UNITAR budget in 1990, payments to the United Nations Joint Staff Pension Fund in respect of non-contributory service performed by former holders of UNITAR Letters of Award, and interest on amount advanced by the United Nations for the purchase of land. As at 31 December 1991, cumulative charges against this account amounted to $1,985,546 for the years 1988, 1989, 1990 and 1991 (schedule 3.1). Should the sale of the building not materialize, these charges will, at some stage, need to be borne by UNITAR.

Statement IV

UNITAR Capital Assets Fund: statement of assets and liabilities

7. The land and building located at 805 First Avenue, United Nations Plaza, New York, is comprised of $465,000, representing the amount paid for the building and leasehold (building $450,000 and option agreement $15,000) and $4,416,152 for the purchase of the land by UNITAR, with a loan from the United Nations under General Assembly resolution 42/197 of 11 December 1987.

Statement V

UNITAR Special Purpose Grants Fund: statement of income and expenditure

8. Statement V shows the income and expenditure of the Special Purpose Grants Fund. A total amount of $2,634,465 was received during 1991 as grants. After adding interest income, savings in liquidation of prior year's obligations and other miscellaneous income, the total income in this Fund was $2,824,617. The total expenditure amounts to $2,903,015, thereby resulting in an excess of expenditure over income of $78,398 for the Special Purpose Grants taken as a whole.

UNITAR Special Purpose Grants Fund: statement of assets and liabilities

9. The assets and liabilities of the Special Purpose Grants Fund as at 31 December 1991 are shown in statement V. The total assets of $2,064,455 consist of cash of $1,774,493, cash in non-convertible currencies of $169,414, accounts receivable of $116,053 and deferred charges of $4,495. The liabilities amounted to $406,962. Of this, $27,481 was for accounts payable, $295,362 for unliquidated obligations (schedule 5.1), and $84,119 due to the United Nations General Fund.

10. The balance of the Special Purpose Grants Fund was $1,657,493 as at 31 December 1991. As noted in schedule 5.1, this reflects the net balance of 36 special projects, 9 of which show cumulative deficits as at 31 December 1991.

Statement VI

11. The Special Accounts from Programme Support Costs reflect income of $266,295 and expenditure of $271,793, resulting in an excess of expenditure over income of $5,498. The assets consist of an amount of $33,641 due from the UNITAR General Fund and deferred charges of $11,400. Liabilities consist of accounts payable of $13,963, unliquidated obligations of $16,400, and the fund balance available as at 31 December 1991 is $14,678.

Write-off of losses of cash and receivables

12. There were no write-offs during 1991.

Summary of significant accounting policies

13. The significant accounting policies of UNITAR are outlined in the notes to the financial statements.

II. REPORT OF THE BOARD OF AUDITORS

Introduction

1. As required by article VIII, paragraph 12, of the statute of the United Nations Institute for Training and Research (UNITAR), as amended in December 1989, the Board of Auditors has audited the accounts of the Institute for the year ended 31 December 1991.

2. The audit was conducted in accordance with article XII of the Financial Regulations of the United Nations and the annex thereto and with the common auditing standards adopted by the Panel of External Auditors of the United Nations, the specialized agencies and the International Atomic Energy Agency (IAEA). The examination was carried out at the Institute's headquarters in New York and its European office at Geneva.

3. The Board of Auditors continued its practice of reporting the results of specific audits and issuing management letters containing detailed audit observations and recommendations. These audit observations and recommendations were discussed with management and the Board noted the efforts exerted in dealing with the issues raised and the steps taken to implement audit recommendations. This practice once again helped in maintaining a continuous dialogue with the Administration.

4. The present report presents significant matters which, in the opinion of the Board, should be brought to the attention of the General Assembly. These issues were discussed with the Administration and their comments are reflected in the report, where appropriate.

5. The present report is divided in two parts, covering financial statements and management issues, respectively.

Follow-up of action taken on previous audit recommendations

6. The examination for the current year included an evaluation of the efficacy of steps undertaken by the Administration to implement previous audit recommendations, as requested by the General Assembly in paragraph 17 (a) of its resolution 46/183 of 20 December 1991. The Board noted that the Administration has implemented or initiated actions to implement several previous audit recommendations (see annex I to the present report). However, there are issues that continue to be audit findings and the relevant audit recommendations are discussed in the present report. Some of these audit concerns are the occurrence of expenditures without authorizations, the establishment and the utilization of the UNITAR Reserve Account and the liquidity position of the General Fund of the Institute.

Summary of recommendations

7. We recommended that the following corrective measures, presented in order of priority, should be taken:

(a) There should be an authorization given by the General Assembly for the advances being made from the United Nations General Fund to cover expenditures of UNITAR in excess of income actually realized, as well as those incurred outside its approved budget (see para. 32);

(b) The present utilization of the UNITAR Reserve Account, which departs from its intended purpose, should be formally authorized by the General Assembly (see para. 40);

(c) The Administration should keep the expenditures of UNITAR within the approved budget levels for both the General Fund and the Special Purpose Grants Fund (see para. 23);

(d) The Board of Trustees and the United Nations Controller should come to terms on how to dispose appropriately of the accumulated deficits in four special purpose projects, which are carried over in the books since 1987 (see para. 27);

(e) Standards should be established for the assessment of the performance and relevance of the services of senior full-time fellows enjoying the rank and privileges of United Nations officials (see paras. 55 to 57);

(f) Necessary steps should be taken to improve the liquidity position of the General Fund. There should be more short-term investment made on the Special Purpose Grants Fund (see para. 47).

Summary of findings

8. Expenditures in the General Fund and Special Purpose Grants Fund not only exceeded actual income but even exceeded budget levels (see paras. 17 to 22).

9. No action has been taken relative to the proper disposition of the negative fund balances amounting to $276,009 of four special purpose projects, which are carried over from previous years affecting the fund balance of all special purpose projects (paras. 24 to 26).

10. Operating expenditures in the General Fund of UNITAR were continuously advanced from the United Nations General Fund without appropriate authorizations (paras. 28 to 31).

11. There is no written basis for the establishment of the UNITAR Reserve Account and its utilization since 1988. Specific conditions or guidelines applicable for its proper use were likewise not provided (paras. 33 to 39).

12. The land ($4,400,000) and the building ($450,000) were not recognized as capital assets of UNITAR. Likewise, the loan advanced from the United Nations General Fund to finance the acquisition of the land and the interest thereon was not recorded in the books of UNITAR. At the suggestion of the auditors,

the necessary adjustments were reflected in the appropriate accounts and the unaudited financial statements were revised as at 31 December 1991 (paras. 41 to 43).

13. The General Fund depicted a negative liquidity position, whereas the Special Purpose Grants Fund showed a strong liquidity position (paras. 44 to 46).

14. Payments of salaries and other costs were made to a staff member without a valid appointment in 1991. After the audit, however, the staff concerned was given an appointment (paras. 48 to 50).

15. The renewal of the appointments of full-time senior fellows with the rank and privileges of United Nations officials was made without appropriate evaluation of their performance and relevance of their services to the aims of UNITAR (paras. 51 to 54).

Part I: Financial statements

Budgetary controls

16. An examination of the operations of UNITAR, specifically of its budgetary controls and levels of expenditures, disclosed several concerns involving the capacity of the Institute to defray its operating expenditures from actual income, the advances being made by the United Nations General Fund without appropriate authorization, and the establishment and use of the UNITAR Reserve Account. These are discussed in detail in the following paragraphs.

Deficits in the General Fund and the Special Purpose Grants Funds

17. UNITAR, through an amendment of the statute in 1989, was made to operate on the basis of paid-in contributions. This means that, to the extent possible, expenditures should be kept within the levels of actual income realized through paid-in voluntary contributions and other possible sources that may be available.

18. An analysis of actual income in relation to the levels of actual expenditures for the past two years indicated that deficits were incurred as follows:

	1991	1990	Increase (decrease)
	(United States dollars)		
Total income	1 067 490	680 966	386 524
Total expenditures	1 759 519	1 398 676	360 843
Excess of expenditure over income	(692 029)	(717 710)	(25 681)

19. The deficit amounting to $692,029, representing the excess of actual expenditures over paid-in contributions and other income sources, necessitated borrowings from the General Fund of the United Nations, which continued to increase the already mounting debt of UNITAR, the details of which are discussed in paragraphs 28 to 40 below.

20. An analysis of the deficit of $692,029 disclosed that this constituted the amounts of $382,833, representing the excess of approved budget over total income and of $309,196, representing the excess of expenditures over approved budget. Thus, not only did the Institute fail to limit its expenditures to the level of actual income, but it also exceeded budgetary levels for the period. This shows that assumptions and projections made in the preparation of the budget were not realistic.

21. In addition, the Board noted that actual expenditures incurred in relation to the total budget for 1991 showed a net deficit of $309,196, representing a 423 per cent increase from the previous year's deficit of $59,102. The increase in deficit as compared to the previous year is due to charges made to current expenditures for the rental costs of the Geneva Office, amounting to $110,646 and $136,682 for 1991 and prior years, respectively, which were previously charged to a deferred asset account.

22. In the case of the Special Purpose Grants Fund, expenditures (including programme support) of $2,903,015 exceeded total income of $2,824,617, resulting in a deficit of $78,398. This significantly differs from the results of the previous financial period, which had an excess of total income over expenditures amounting to $933,011.

23. The Board of Auditors recommended that for both the General Fund and Special Purpose Grants Fund, the Administration should see that all expenditures are incurred only within the limits of released allotments and backed up by adequate collection. There should be a closer monitoring of all obligations and disbursements, and the decreasing trend in revenues should be considered in the development and preparation of annual budgets.

Special purpose projects with negative fund balances

24. After a careful examination of fund balances for each project in the Special Purpose Grants Fund, the Board observed that, as at 31 December 1991, negative fund balances amounting to $276,008 were offset against positive fund balances of $1,933,501 of the various special projects, resulting in a total net fund balance of $1,657,493. The Board disagrees with the practice of offsetting fund balances because it distorts the true financial picture of results of operations.

25. As may be seen from schedule 5.1 of the financial report, there are a total of nine special projects with negative balances as at 31 December 1991. Four of these projects, AGA-918, AGA-950, AGA-975 and AGA-977, were completed long ago, but have remained in the books since 1987. The balances of these four projects amounted to a sum of $247,988, representing about 90 per cent of the amount of reported negative fund balances as at the end of the year. Further verification disclosed that these negative fund balances resulted from the constant incurrence of expenditures in excess of the actual contributions of donor countries for the specific projects.

26. Inquiries made by the Board indicated that no appropriate action has been made for the proper disposition of these deficits. The Board of Trustees requested that the Controller give authorization for the appropriate disposition of these over-expenditures by charging these against the Reserve Account. But the Controller responded that the Reserve Account is not an appropriate mechanism for writing off accumulated deficits in special purpose projects.

27. The Board recommends that a decision must be made on the appropriate disposition of these deficits for a fair presentation of account balances in the financial statements.

Accounts and financial reporting

Advances from the United Nations General Fund without authorization

28. As mentioned in the earlier part of the present report, the Institute operated not only beyond income levels but budgetary levels of expenditures as well. These excesses of expenditures over the UNITAR budget and actual income from all sources were advanced from the United Nations General Fund.

29. In 1983, the General Assembly, in its resolution 38/177 of 19 December 1983, authorized the granting of an advance amounting to $886,000 to UNITAR from the United Nations General Fund to cover the deficit in its budget for 1983. The same resolution further provided that such an advance is non-recurrent and reimbursable in accordance with the terms set out in the Secretary-General's report (A/38/220, para. 7) and repayment is to begin after a grace period not exceeding two years. To date, this advance has an unpaid balance of $686,000, and other than this, the United Nations General Fund continues to advance on a yearly basis the budgetary deficits of the Institute up to the present.

30. Further verifications disclosed that, other than the resolution mentioned above, which authorized the granting of the advance for only one year (1983), the Board did not find any sufficient basis of authorization from the General Assembly, nor are there provisions in the budget documents of the United Nations which allowed advances from its General Fund.

31. The continuous advances being made from the United Nations General Fund have further increased the debt of UNITAR to the United Nations. Details of all the liabilities as at 31 December 1991 are as follows:

	1991	1990	Increase (decrease)
		(United States dollars)	
General Fund			
Due to the United Nations General Fund	2 869 065	2 178 123	690 942
Due to the United Nations from the Reserve Account	1 985 546	1 195 794	789 752
Advances from the United Nations General Fund	686 000	686 000	-
Subtotal	5 540 611	4 059 917	1 480 694
Special Purpose Grants Fund			
Due to the United Nations General Fund	84 119	132 704	(48 585)
Capital Assets Fund			
Advance for the purchase of land	4 416 152	4 410 627	5 525
Total liabilities to the United Nations General Fund	10 040 882	8 603 248	1 437 634

32. In view of the above, the Board recommends that proper authorization for these advances should be made by the General Assembly as appropriate.

Establishment and use of the UNITAR Reserve Account

33. The summary of liabilities shown in paragraph 31 shows that advances from the United Nations General Fund for the deficits in expenditures were credited to the account, due to the United Nations General Fund. However, there were other advances from the United Nations General Fund which were not charged against operating expenditures, but were directly charged to the UNITAR Reserve Account and credited to the liability account, due to the United Nations from the Reserve Account. In previous audits, the Board was critical of this procedure, yet such practice continued.

34. In 1991, total expenditures of $789,752 were charged to the UNITAR Reserve Account, representing accrued interests of $674,294 on the loan to UNITAR for the purchase of the land and salaries and other costs amounting to $115,458 of a staff member without a valid letter of appointment, details of which are discussed in paragraphs 48 to 50 below.

35. The Board is concerned about the manner in which the UNITAR Reserve Account was established and how it is being used because these are contrary to the provisions of General Assembly resolution 42/197 of 11 December 1987 and

other succeeding resolutions (Assembly resolutions 43/201 of 20 December 1988, 44/175 of 19 December 1989, and 45/219 of 21 December 1990) providing for the establishment of a Reserve Fund for UNITAR. Said resolutions explicitly provided that the reserve would be established after the sale of the UNITAR properties, with the balance remaining from the proceeds of the sale after payment of all amounts due to the United Nations General Fund.

36. Although these conditionalities have not been realized, the Reserve Fund, the UNITAR Reserve Account, was established and being used to record advances from the United Nations General Fund for expenditures that cannot be charged against operating expenses resulting in a negative fund balance in the financial statements of the Institute.

37. In addition, the Board observed that, in the most recent resolution pertaining to UNITAR, namely, General Assembly resolution 46/180 of 19 December 1991, there is no longer a provision about the Reserve Fund.

38. Furthermore, it was noted that charges to the UNITAR Reserve Account are approved by the United Nations Controller on the basis of a request from the Institute. However, the Board has come to ascertain that there is no written or expressed authority for such arrangements and there are no specific guidelines used in determining propriety of charges to this account.

39. The Administration explained that charges against the so-called Reserve Fund have been strictly limited, and their nature has been reported to the General Assembly each year. The charges relate essentially to costs that UNITAR is legally required to incur, whether or not there are funds available for the purpose in the UNITAR budget.

40. The Board of Auditors recommends that the General Assembly should provide the appropriate authorization on the manner in which the UNITAR Reserve Account was established and how it is being used. Moreover, the Board reiterates previous audit recommendations on the issuance of guidelines setting out specific conditions and procedures for the proper utilization of the UNITAR Reserve Account.

Capital assets

Recording of UNITAR's land, building and loan from the United Nations

41. During the audit, the Board noted that the cost of the UNITAR building for $450,000 and the land for $4,400,000, as well as the loan used for the purchase of the land, were not reflected in the Capital Assets Fund of UNITAR.

42. Verification of documents disclosed that the cost of the building was not taken up in the books of UNITAR, while the land was recorded in the Capital Assets Fund of the United Nations. Further, the corresponding liability account for the loan used to finance the acquisition of the land as approved by the Secretary-General as well as the interest thereon were not accrued and taken up in the books of the Institute.

43. The Board recommended that the costs of the building and the land as well as the corresponding loan be recorded in the appropriate books of the UNITAR Capital Assets Fund. In addition, the Board suggested the accrual of interest due on the loan from the United Nations be in the books of the UNITAR General Fund. The Board acknowledges the immediate implementation of these recommendations to reflect the appropriate accounts in the revised financial statements of UNITAR as at 31 December 1991.

Liquidity position

Liquidity positions of the General Fund and Special Purpose Grants Fund

44. Pursuant to paragraph 24 of General Assembly resolution 45/235 of 21 December 1990 and paragraph 10 of Assembly resolution 46/183 of 20 December 1991, the Board of Auditors reviewed the liquidity position of UNITAR as at 31 December 1991. Liquidity position refers to the ability of the agency to liquidate its current liabilities. The term current or short-term for the purpose of ascertaining the liquidity position of an organization refers to its financial period, which is one year in the case of UNITAR.

45. For the General Fund, liquidity position was negative. As at 31 December 1991, the current assets of $282,630 are not sufficient to meet current liabilities of $2,939,391. Compared to last year's position, there was further deterioration of the liquidity position of the UNITAR General Fund, as indicated below, by a decrease in net current assets by $692,029:

Increase (decrease) in current assets	($58 351)
Less: Increase (decrease) in current liabilities	633 678
Increase (decrease) in net current assets	($692 029)

The details of decrease in current assets and increase in current liabilities of the General Fund are contained in annex II to the present report.

46. On the other hand, the Special Purpose Grants Fund depicted a strong liquidity position. As at 31 December 1991, current assets of $1,895,041 are sufficient to meet short-term liabilities of $406,962. Nevertheless, compared to the previous year, net current assets decreased by $128,634, because the balance of current liabilities increased almost twice from that of last year:

Increase (decrease) in current assets	$52,429
Less: Increase (decrease) in current liabilities	181 063
Increase (decrease) in net current assets	($128 634)

The details of increases in current assets and liabilities for the Special Purpose Grants Fund are contained in annex III to the present report.

47. The Board recommended that necessary steps should be taken to improve the liquidity position of the General Fund and to maximize on the strength of the liquidity position of the Special Purpose Grants Fund through short-term investments.

Part II: Management issues

Personnel management, payroll and staff costs

Unauthorized payment of staff costs

48. An expenditure amounting to $115,458 and directly charged to the United Nations Reserve Account represents salary and other staff costs for the year 1991 of a UNITAR staff member. These payments were made without a valid letter of appointment.

49. A review of documents pertinent to the appointment of the staff member in question revealed that he was holding a fixed-term appointment and was affected by the restructuring of UNITAR, but not absorbed by other United Nations agencies as intended by the General Assembly in its resolution 42/197. The fixed-term appointment was continuously renewed or extended for seven years from 16 February 1983 to 31 December 1990. This procedure is contrary to United Nations Staff Rules and Regulations on fixed-term appointments. Then, his fixed-term appointment was not renewed in 1991, but payments were continuously made to the staff until the audit date, notwithstanding the absence of a letter of appointment for 1991 and for the current year.

50. In view of the foregoing conditions, the Board believes that all payments of salaries and other emoluments made since January 1991 are without legal basis because of the absence of an approved letter of appointment. The Board recommended that the status of the staff should be immediately ascertained. Otherwise, appropriate action should be undertaken to have all payments refunded to UNITAR. However, on 10 April 1992, the staff member in question was given a further fixed-term appointment from 1 January 1991 through 28 February 1993, the date he is scheduled to retire, with the related costs chargeable to the Reserve Fund Account.

Experts and consultants

Renewal of appointments of full-time senior fellows

51. In the revised statute of UNITAR and as approved by the General Assembly in its resolution 43/201, the Secretary-General is authorized to appoint for a one-year period, a maximum of nine full-time senior fellows and to grant them the status of officials of the United Nations. One of the conditions for the renewal of such appointments is the continuing relevance of their assignments to the programmes of UNITAR as approved by the Board of Trustees.

52. In 1991, appointments of seven senior fellows were renewed for one year, starting 1 May 1991, and they were assigned to the different projects of the Institute. Most of these appointments were continuously renewed for a

considerable period ranging from 3 to 18 years. The United Nations Board of Auditors observed that the renewals were based on very general terms and no standards of measure were specified to be used in assessing their performance and the continued relevance of their services to the mission of UNITAR. The Board of Auditors was not able to obtain sufficient documentation to confirm that evaluation of performance or an assessment of relevance of services to the goals of UNITAR prior to renewal of appointment was conducted. There were no indications in the letters of appointment of the responsibility of each fellow, nor do the fellows submit performance reports to inform UNITAR properly of the progress of accomplishment of their respective assignments.

53. Further, the Board learned that, although most of the fellows do not receive remuneration, they enjoy all the status and privileges of United Nations officials, including their own individual offices, office equipment and other facilities at the UNITAR building.

54. The Board questions how the absence of standards in assessing performance and the lack of information on the progress of work being performed by the senior fellows could lead to automatic renewals of appointments, which do not only defeat the purpose of their appointment but burden UNITAR with their related expenditures.

55. In view of this, the Board of Auditors recommended and the Administration agreed, that some criteria should be set for the appointment or extension of services of senior full-time fellows having the status of United Nations officials and in order to prevent discretionary renewal of their appointments. That criteria should relate to the assessment performance and relevance of assigned tasks to the programme and aims of UNITAR.

56. The Administration of UNITAR has informed us that a survey has been conducted to ascertain the nature of the existing assignments of the senior fellows as well as the status of the work they are presently involved in.

57. The Board, with the concurrence of the Administration, suggested that there should be a supplementary attachment to the letters of appointment for senior fellows, which should set out in more specific terms the undertakings that the fellows are expected to accomplish, with a timetable and identification of specific outputs to be delivered.

Cases of fraud and presumptive fraud

58. The Administration informed the Board that there were no cases of fraud or presumptive fraud in 1991.

Write-off of losses of cash, receivables and property

59. The Administration also stated that no write-offs of losses of cash or other assets have been made during the financial period under review.

Acknowledgement

60. The Board of Auditors wishes to express its appreciation for the cooperation and assistance extended to the auditors by the Acting Executive Director, the Chief Administrative Officer, other senior officials of UNITAR, the Controller, Deputy Controller and Director of the Accounts Division of the United Nations and members of their staff.

(Signed) Osei Tutu PREMPEH
Auditor-General of Ghana

(Signed) Eufemio C. DOMINGO
Chairman, Commission on Audit
of the Philippines

(Signed) Heinz Günter ZAVELBERG
President of the Federal Court
of Audit of Germany

ANNEX I

Follow-up on action taken to implement the recommendations of the Board of Auditors in its report for the year ended 31 December 1990 a/

1. The examination of the Board of Auditors included an evaluation of the efficacy of steps taken by the Administration to implement previous audit recommendations, as requested by the General Assembly in paragraph 17 (a) of its resolution 46/183 of 20 December 1991. Those recommendations, which need further action and continue to be of concern, are presented in the body of the present report of the Board of Auditors. The results of follow-up made on previous audit recommendations are discussed hereunder.

I. RECOMMENDATION 9 (a)

2. There should be full disclosure of the effect of the change in accounting policy on pledged contributions of all the affected accounts in the financial statements. Outstanding pledges should be disclosed in a note to the financial statements.

A. Measures taken by the Administration

3. The effect of the change in accounting policy on pledged contributions has been fully disclosed in the accounts and footnotes to the financial statements.

B. Comments of the Board

4. Verification of the financial statements and the accompanying notes showed that the above-mentioned recommendations were adhered to.

II. RECOMMENDATION 9 (b)

5. Necessary steps should be taken to improve the liquidity position of the General Fund and to maximize unused working capital of the Special Purpose Grants Fund.

A. Measures taken by the Administration

6. The Administration explained that the problem of the liquidity position of the General Fund has to be resolved by the General Assembly in its determination of the future of UNITAR.

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a/ Official Records of the General Assembly, Forty-sixth Session, Supplement No. 5D (A/46/5/Add.4), sect. II, para. 9.

B. Comments of the Board

7. The liquidity position of the General Fund remained as an audit concern for this year. A discussion on this is presented in part I of the present report (see paras. 44 to 47).

8. For the Special Purpose Grants Fund, the liquidity position deteriorated as discussed in part I of the present report. Efforts were exerted to maximize the utilization of idle funds but difficulties were encountered because the cash-at-bank account where the contributions are deposited is not in the name of UNITAR but of the United Nations Office at Geneva. This concern has been brought to the attention of the Administration through our management letters.

III. RECOMMENDATION 9 (c)

9. Representations should be made with the management of the United Nations Environment Programme (UNEP) for the revision of the cost plan to include programme support costs for the UNEP-UNITAR Africa Programme.

A. Measures taken by the Administration

10. The UNEP Environment Fund has been advised of the recommendation of the auditors and requested to include programme support costs for the programme as a separate item.

B. Comments of the Board

11. Verification of revision 4 of the Project Document for the UNEP-UNITAR Africa Programme showed that provisions for programme support cost has been included in the cost plan as a separate item.

IV. RECOMMENDATION 9 (d)

12. Prior year's transactions should be shown as a separate item in the statement of results of operations for the current year.

A. Measures taken by the Administration

13. Not implemented.

B. Comments of the Board

14. The practice of the Institute of charging expenditures pertaining to prior years as current expenses persisted. For this year, the Administration charged to current expenditures the rent for the Geneva office pertaining to previous years, thereby overstating total expenditures for the current year. This practice affected the net results of operations as discussed in paragraph 21 of the present report of the Board of Auditors.

V. RECOMMENDATION 9 (e)

15. Vigilance should be exercised in the monitoring and incurrence of expenditures to ensure that these are incurred within the approved budget and released allotment advices.

A. Measures taken by the Administration

16. Partially implemented.

B. Comments of the Board

17. The Administration has exerted efforts to monitor expenditures effectively, but failed to limit the incurrence of expenditures within the approved budget and released allotment advices resulting in continued deficits both in the General Fund and the Special Purpose Grants Funds (see paras. 17 to 24).

VI. RECOMMENDATION 9 (f)

18. The Administration should consider the setting up of an imprest account for United Nations Development Programme (UNDP) projects and to explore ways of improving the system of releasing and accounting for allotment advices.

A. Measures taken by the Administration

19. The Administration explained that the recommendation on the setting up of a UNDP imprest account for UNDP projects executed by UNITAR has not been pursued, as the problem has been solved by other means. As a policy, UNDP provides a monthly working capital to executing agencies on the basis of a quarterly forecast of project expenditures. At the time of the audit, UNITAR has submitted its requirements to the UNDP Treasury for the proper estimation of cash requirements for their projects.

B. Comments of the Board

20. In view of the above explanation and the current status of the request made by the Administration to UNDP, evaluation and comments will be made in the next audit.

VII. RECOMMENDATION 9 (g)

21. The system of authorizing, controlling, monitoring and reimbursing expenditures in the field offices should be improved.

A. Measures taken by the Administration

22. Following the above recommendations, MODs have been issued to obligate expenditures incurred through UNDP and other field offices. The European Office at Geneva sees that obligations of all expenditures in the field are made and approved at Geneva prior to payment by the field offices. Although the problem is not completely solved, particularly with obligations for the GEMS/UNITAR Africa Programme, the Administration is committed to clear the issue in the near future.

B. Comments by the Board

23. Improvements have been noted on the system of controlling and monitoring expenditures in the field offices. Inasmuch as total impact of the recommendation would take sometime to be felt and in view of the commitment made by the Administration, as mentioned in the preceding paragraph, further evaluation on this matter will be made in future audits.

VIII. RECOMMENDATION 9 (h)

24. A system of project code identification that allows direct referencing of project funds with grant agreements should be adopted.

A. Measures taken by the Administration

25. The Administration has fully implemented the recommendation by adopting a system of project code identification for all Special Purpose Grant funded projects.

B. Comments by the Board

26. All Special Purpose Grant funded projects has been coded for easy referencing of project funds with grant agreements in accordance with the suggestions made by the Board.

IX. RECOMMENDATION 9 (i)

27. Guidelines on the utilization of the Reserve Account should be established and UNITAR Administration should be more involved in the control of that account.

A. Measures taken by the Administration

28. Not implemented.

B. Comments of the Board

29. The Administration has not taken any step to provide guidelines on the utilization of the UNITAR Reserve Account. Instead, there were continuous charges to this account for expenditures on staff costs and interest on the loan from the United Nations General Fund. These remain to be audit concerns for the current year and have been discussed in paragraphs 35 to 40 of the report.

X. RECOMMENDATION 9 (j)

30. Preparation of budget proposals for UNITAR should take into consideration the downtrend in revenue resources for more realistic assumptions and projections.

A. Measures taken by the Administration

31. Not implemented.

B. Comments of the Board

32. The preparation of budget proposals were not based on estimated realizable income. At the time of the preparation of budget proposals, the Institute already proposed levels of expenditures which were higher than the estimated income, with the difference being expected to be advanced from the United Nations General Fund.

ANNEX II

GENERAL FUND

Computation of increase (decrease) in net current assets as at 31 December 1991

(United States dollars)

	1991	1990	Increase (decrease)
Assets			
Short-term			
Cash	157 713	32 530	125,183
Accounts receivable	117 905	139 403	(21 498)
Deferred charges	7 012	169 048	(162 036)
Total, short-term assets	282 630	340 981	(58 351)
Total, assets	282 630	340 981	(58 351)
Liabilities, reserves and fund balance			
Long-term			
General Account	(3 342,761)	(2 650 732)	(692 029)
Reserve Account	(1 985 546)	(1 195 794)	(789 752)
Liabilities to the United Nations:			
Due from the General Fund	686 000	686 000	-
Due to the United Nations Reserve Account	1 985 546	1 195 794	789 752
Total, long-term liabilities, reserves and fund balance	(2 656 761)	(1 964 732)	(692 029)

	1991	1990	Increase (decrease)
Short-term			
Accounts payable	26 375	31 512	(5 137)
Unliquidated obligations	10 310	71 892	(61 582)
Due to United Nations General Fund	2 869 065	2 178 123	690 942
Due to Special Account for programme support costs	33 641	24 186	9 455
Total, short-term liabilities	2 939 391	2 305 713	633 678
Total, liabilities, reserve and fund balance	282 630	340 981	(58 351)
Increase (decrease) in net current assets	(2 656 761)	(1 964 732)	(692 029)

The decrease in net current assets of the General Fund resulted from the following:

	(United States dollars)	
Sources		
Contributions from donor countries	757 799	
Subvention	7 500	
Other revenue producing activities	280 087	
Prior year:		
Refund of prior-year expenditures	107	
Savings on liquidation of prior-year obligations	21 997	
Total, sources		1 067 490
Uses		
Operating expenditures - Current year	1 622 837	
- Prior year	136 682	
Total, uses		1 759 519
Decrease in working capital		(692 029)

ANNEX III

SPECIAL PURPOSE GRANTS FUND

Computation of increase (decrease) in net current assets as at 31 December 1991

(United States dollars)

	1991	1990	Increase (decrease)
Assets			
Long-term			
Non-convertible currencies	169 414	119 178	50 236
Short-term			
Cash	1 774 493	1 737 695	36 798
Accounts receivable	116 053	100 620	15 433
Deferred charges	4 495	4 297	198
Total, short-term assets	1 895 041	1 842 612	52 429
Total, assets	2 064 455	1 961 790	102 665
Liabilities and fund balance			
Long-term	1 657 493	1 735 891	(78 398)
Short-term			
Accounts payable	27 481	-	27 481
Unliquidated obligations	295 362	93 195	202 167
Due to the United Nations General Fund	84 119	132 704	(48 585)
Total, short-term liabilities	406 962	225 899	181 063
Total, liabilities and fund balance	2 064 455	1 961 790	102 665
Increase (decrease) in net current assets	1 488 079	1 616 713	(128 634)

The decrease in net current assets of the Special Purpose Grants Fund resulted from the following:

	(United States dollars)	
Sources		
Grants	2 634 465	
Income from other sources	190 152	
Total, sources		2 824 617
Uses		
Expenditures	2 647 558	
Programme support costs	255 457	
Increase in non-convertible currencies	50 236	
Total, uses		2 953 251
Decrease in working capital		(128 634)

III. AUDIT OPINION

We have examined the following appended financial statements, numbered I to VI, properly identified, and relevant schedules of the United Nations Institute for Training and Research for the financial period ended 31 December 1991. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the financial statements present fairly the financial position of UNITAR as at 31 December 1991 and the results of its operations for the period then ended.

The financial statements were prepared in accordance with the stated accounting principles. As indicated in footnote b of note 2 to the financial statements, UNITAR changed its method of recording pledged contributions. Pursuant to an amendment made on article VIII, paragraph 3, of the statute of UNITAR, only paid-in contributions are recorded and recognized as income. The change in accounting policy was effected in 1990 and reflected in the 1991 financial statements.

The transactions were in accordance with the financial regulations and legislative authority, except for the incurrence of expenditures in excess of paid-in contributions and other available resources (see paras. 17 to 23 of our report), the advances from the United Nations General Fund without authorizations (see paras. 28 to 32), and the establishment and use of the UNITAR Reserve Account (see paras. 33 to 40).

(Signed) Osei Tutu PREMPEH
Auditor-General of Ghana

(Signed) Eufemio C. DOMINGO
Chairman, Commission on Audit
of the Philippines

(Signed) Heinz Günter ZAVELBERG
President of the Federal Court
of Audit of Germany

30 June 1992

IV. CERTIFICATION OF THE FINANCIAL STATEMENTS

3 April 1992

I certify that the appended financial statements of the United Nations Institute for Training and Research, numbered I to VI, are correct.

(Signed) Jacques BAUDOT
Acting Controller

V. FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1991

STATEMENT I

GENERAL FUND

Status of expenditure against approved budget for the year ended 31 December 1991

(United States dollars)

Budget chapter	Approved budget	Expenditure			Unobligated balance
		Disbursements	Unliquidated obligations	Total	
I. Board of Trustees	-	-	-	-	-
II. Office of the Executive Director	201 000	203 437	-	203 437	(2 437)
III. Programme Department/ Training Branch, New York	272 050	278 258	-	278 258	(6 208)
IV. Programme Department/ European Office, Geneva	251 950	258 349	-	258 349	(6 399)
V. Programme Department/ Research Branch	-	-	-	-	-
VI. External coordination, inter-agency and Board matters	-	-	-	-	-
VII. Finance, administration and programme support	138 000	179 083	-	179 083	(41 083)
VIII. General operating expenses	587 323	822 803	10 310	833 113	(245 790)
IX. Operational costs	-	7 279	-	7 279	(7 279)
Total	1 450 323	1 749 209	10 310	1 759 519	(309 196)

The accompanying notes are an integral part of the financial statements.

STATEMENT II

GENERAL FUND

Statement of income and expenditure for the year ended 31 December 1991

(United States dollars)

	1991		1990
Income			
Government contributions paid (note 2)	757 799	a/	373 945
Income from programme support costs	-	b/	78 000
Subvention	7 500		-
Interest income	6 360		11 160
Rental income	242 445		199 350
Sale of publications	24 304		3 079
Royalty	6 978		5 322
Refund of prior year's expenditure	107		2 731
Savings in liquidation of prior year's obligations	21 997		7 069
Miscellaneous income			310
Total, income	1 067 490		680 966
Expenditure			
Salaries and common staff costs	823 979		750 395
Outside expertise	23 955		36 642
Security services	99 448		96 509
Staff travel	51 071		46 518
External audit	18 300		18 300
Fund-raising	12 128		9 010
Panels and conferences	5 071		19
Supplies and materials	14 378		25 501
Furniture and equipment	47 549		41 385
Library books, documents and periodicals	569		1 286
Documentation/publications	20 804		23 195
Communications	97 531		83 504
Premises	534 078	c/	252 529
Public relations and hospitality	4 357		5 888
Fellowships	1 125		2 125
Miscellaneous expenses	5 176		5 870
Total, expenditure (statement I)	1 759 519		1 398 676
Excess of income over expenditure (deficit)	(692 029)		(717 710)

a/ In accordance with article VIII, paragraph 3, of the revised statute of UNITAR (A/43/697/Add.1), only paid-in contributions are included in current year income.

b/ See statement VI.

c/ Includes rental charges of $136,682 for 1989 and 1990.

The accompanying notes are an integral part of the financial statements.

STATEMENT III

GENERAL FUND

Statement of assets and liabilities as at 31 December 1991

(United States dollars)

			1991	1990
Assets				
Cash			157 713	32 530
Accounts receivable			117 905	139 403
Deferred charges			7 012	169 048
Total, assets			282 630	340 981
Liabilities				
Accounts payable			26 375	31 512
Unliquidated obligations	(statement I)		10 310	71 892
Due to United Nations General Fund		2 869 065		2 178 123
Due to Special Account for Programme Support Costs	(statement VI)	33 641		24 186
Advance from the United Nations General Fund		686 000 a/		686 000
Due to United Nations from the Reserve Account		1 985 546		1 195 794
			5 574 252	
			5 610 937	4 187 507
Reserves and fund balance				
General Account				
Balance available as at 1 January 1991			(2 650 732)	(1 626 508)
Add: excess of income over expenditure (deficit)	(statement II)		(692 029)	(717 710)
Less: prior period unpaid pledges				(306 514) b/
			(3 342 761)	(2 650 732)
Reserve Account				
Balance available as at 1 January 1991		(1 195 794)		(978 835)
Expenditure against UNITAR Reserve Account	(schedule 3.1)	(789 752)		(216 959)
			(1 985 546)	(1 195 794)
Balance available as at 31 December 1991			(5 328 307)	(3 846 526)
Total, liabilities, reserves and fund balance			282 630	340 981

a/ An advance of $886,000 was approved by the General Assembly in its resolution 38/177 of 19 December 1983 to cover the deficit in the Institute's budget for 1983. $200,000 was paid in 1986 and 1987.

b/ In accordance with article VIII, paragraph 3, of the revised statute of UNITAR (A/43/697/Add.1), only paid-in contributions are included in current year income.

The accompanying notes are an integral part of the financial statements.

SCHEDULE 3.1

GENERAL FUND

Expenditure against the UNITAR Reserve Account

(United States dollars)

Expenditure	1991	1990	1989	1988	Total
Salaries and common staff costs	115 458	126 424	132 992	420 292	795 166
Security	-	-	76 094	76 529	152 623
Payment to the Pension Fund for former UNITAR fellows	-	90 535	222 169	50 759	363 463
Interest on advance to purchase land	674 294 a/	-	-	-	674 294
Total, expenditure	789 752	216 959	431 255	547 580	1 985 546

(statement III)

a/ Includes $74,198 for 1989 and $299,923 for 1990.

STATEMENT IV

CAPITAL ASSETS FUND a/

Statement of assets and liabilities as at 31 December 1991

(United States dollars)

	1991	1990 b/
Assets		
Land and building	4 881 152	4 875 627
Total, assets	4 881 152	4 875 627
Liabilities		
Amount advanced by the United Nations	4 416 152	4 410 627
Fund balance		
Donated funds as at 31 December 1991	465 000	465 000
Total, liabilities and fund balance	4 881 152	4 875 627

a/ The land and building located at 805 First Avenue, United Nations Plaza, New York, is comprised of $465,000, representing the amount paid for the building and leasehold (building $450,000 and option agreement $15,000) and $4,416,152 for the purchase of the land by UNITAR with an advance by the United Nations under General Assembly resolution 42/197.

b/ The comparative figures were amended to conform to current presentation.

The accompanying notes are an integral part of the financial statements.

STATEMENT V

SPECIAL PURPOSE GRANTS FUND

I. Statement of income and expenditure for the year ended 31 December 1991

(United States dollars)

	1991	1990
Income		
Grants	2 634 465 a/	3 260 985
Interest income	109 053	124 991
Savings on liquidation of prior year's obligations	-	59 798
Refund of prior year expenditure	-	6 590
Miscellaneous income	81 099	24 114
Total, income	2 824 617 a/	3 476 478
Expenditure		
Staff and other personnel costs	1 036 808	929 716
Staff travel	187 608	122 623
Outside expertise	468 904	516 146
Panels and conferences	191 176	5 039
Participants travel	143 450	165 301
Documentation and publications	150 607	109 462
Communications	45 356	45 938
Premises	65 435	87 183
Loss on exchange	98 900	146 483
Miscellaneous expenses	259 314	168 906
Subtotal	2 647 558	2 296 797
Programme support costs (statement VI)	255 457	246 670
Total, expenditure	2 903 015 a/	2 543 467
Excess of income over expenditure	(78 398)	933 011

STATEMENT V (concluded)

II. Statement of assets and liabilities as at 31 December 1991

(United States dollars)

	1991	1990
Assets		
Cash	1 774 493	1 737 695
Cash (non-convertible currencies)	169 414 a/	119 178
Accounts receivable	116 053	100 620
Deferred charges	4 495	4 297
Total, assets	2 064 455	1 961 790
Liabilities		
Accounts payable	27 481	
Unliquidated obligations	295 362	93 195
Due to United Nations General Fund	84 119	132 704
Total, liabilities	406 962	225 899
Fund balance		
Balance available as at 1 January 1991	1 735 891	802 880
Add: Excess of income over expenditure	(78 398)	933 011
Balance available as at 31 December 1991	1 657 493 b/	1 735 891
Total, liabilities and fund balance	2 064 455	1 961 790

a/ For details by project, see schedule 5.1.

b/ United States dollar equivalent of cash held in other currencies using the United Nations operational rate of exchange in effect on 31 December 1991. At the United Nations operational rate of exchange in effect at the date of preparation of these financial statements, the dollar equivalent of cash balances held in other currencies would amount to $139,432 less than shown in the accounts.

The accompanying notes are an integral part of the financial statements.

SCHEDULE 5.1

SPECIAL PURPOSE GRANTS FUND

Statement of income and expenditure and Fund balance for the year ended 31 December 1991

(United States dollars)

Projects	Fund balance 1 January 1991	Income from grants	Other income and adjustments a/	Funds available	Expenditures			Fund balance 31 December 1991
					Disbursements	Unliquidated obligations	Total	
A. Convertible currencies								
Strategy for the future of Africa	(140 544)	-	-	(140 544)	-	-	-	(140 544)
UNITAR/UNDP Information Centre for Heavy Crude and Tar Sands	2 561	282 523	44 306	329 390	152 757	7 225	159 982	169 408
Second Conference on Heavy Crude and Tar Sands	(60 690)	-	-	(60 690)	-	-	-	(60 690)
Centre on Small Energy Resources, Italy	57 492	304 804	11 473	373 769	180 556	8 055	188 611	185 158
World Social Prospects Association	(6 005)	-	-	(6 005)	-	-	-	(6 005)
Strategies for the future of Latin America	(40 749)	-	-	(40 749)	-	-	-	(40 749)
Training programme on geographical information system technology in the field of the environment	877 741	288 755	53 731	1 220 227	716 918	74 374	791 292	428 935
Training programme for the managers of the foreign debts in the least developed countries	78 278	350 000	32 247	460 525	285 130	41 697	326 827	133 698
Economic and social history of the United Nations	29 499	-	783	30 282	35 681	-	35 681	(5 399)
Junior Field Officer at Geneva	15 390	(15 830)	403	(37)	-	-	-	(37)
Training of journalists in international cooperation, multilateral diplomacy, and the promotion of social and economic development	10 967	395 485	1 078	407 530	92 966	-	92 966	314 564
Post of Director, UNITAR/UNDP Information Centre for Heavy Crude and Tar Sands	46 347	25 962	1 054	73 363	90 896	(425)	90 471	(17 108)
Training Programme for disaster relief managers	123 798	126 434	6 703	256 935	90 440	26 170	116 610	140 325
Programme on training officials from Côte d'Ivoire	1 084	(1 121)	41	4	25	-	25	(21)

SCHEDULE 5.1 (continued)

Projects	Fund balance 1 January 1991	Income from grants	Other income and adjustments a/	Funds available	Expenditures			Fund balance 31 December 1991
					Disbursements	Unliquidated obligations	Total	
Technical Assistance to UNITAR/UNDP Information Centre for Heavy Crude and Tar Sands from Petroleos de Venezuela	39 591	36 257	107	75 955	75 792	-	75 792	163
Fifth International Conference on Heavy Crude and Tar Sands	198 836	(5 925)	2 587	195 498	148 636	35 159	183 795	11 703
Junior Professional Officer, New York	75 863	-	2 457	78 320	58 580	664	59 244	19 076
Junior Professional Officer, Geneva	35 777	56 932	168	92 877	75 651	17 226	92 877	-
UNITAR/UNDP/CUNY Training Programme in Information Technology for the ASEAN Countries	3 476	(2 708)	38	806	790	-	790	16
Strengthening, monitoring and assessment capabilities in Africa	145 969	398 055	39 630	583 654	440 338	86 076	526 414	57 240
Special fund account for project promotion and contingencies	11 631	7 722	493	19 846	7 690	3 050	10 740	9 106
Foreign affairs training for Ethiopian officers	-	22 500	553	23 053	8 319	-	8 319	14 734
Junior Professional Officer, Geneva-based	90 981	(41 102)	4 796	54 675	(4 391)	-	(4 391)	59 066
UNITAR Advisory Mission on Training Needs, Angola	-	10 000	3	10 003	8 971	-	8 971	1 032
Joint UNITAR/Clark Atlanta University Programme	-	23 600	120	23 720	19 176	-	19 176	4 544
Workshop on Port Management and Operation, Hamburg	-	55 000	621	55 621	58 496	2 580	61 076	(5 455)
Post of Deputy Director, Centre for Heavy Crude	-	48 440	-	48 440	34 602	-	34 602	13 838
Training in peace-keeping	-	2 500	1	2 501	1 315	745	2 060	441
Junior Professional Officer, Germany	-	80 576	225	80 801	22 271	(7 233)	15 038	65 763
Development of instructional video on peace-keeping	-	25 000	83	25 083	906	-	906	24 177

SCHEDULE 5.1 (concluded)

Projects	Fund balance 1 January 1991	Income from grants	Other income and adjustments a/	Funds available	Expenditures			Fund balance 31 December 1991
					Disbursements	Unliquidated obligations	Total	
Sixth International Conference on Heavy Crude and Tar Sands Undistributed Interest	-	-	-	-	-	-	-	-
Subtotal	1 597 293	2 573 859	204 045	4 375 197	2 602 511	295 363	2 897 874	1 477 323
B. Non-convertible currency								
Russian Federation	105 305	60 606	(8 601)	157 310	5 141	-	5 141	152 169 b/
China	7 677	-	(187)	7 490	-	-	-	7 490
Hungary	15 975	-	(4 510)	11 465	-	-	-	11 465
Poland	1	-	94	95	-	-	-	95
Romania	9 640	-	(689)	8 951	-	-	-	8 951
Subtotal	138 598	60 606	(13 893)	185 311	5 141	-	5 141	180 170
Total	1 735 891	2 634 465	190 152	4 560 508	2 607 652	295 363	2 903 015	1 657 493

a/ Comprises interest income, savings in liquidation of prior year's obligations, exchange loss and miscellaneous income.

b/ See footnote b on statement V.

STATEMENT VI

SPECIAL ACCOUNT FOR PROGRAMME SUPPORT COSTS

I. Statement of income and expenditure for the year ended 31 December 1991

(United States dollars)

		1991	1990
Income			
Special purpose grants	(statement V)	255 457	168 670
Savings in liquidation of prior year's obligations		10 838	-
		266 295	168 670
Expenditure			
Salaries		208 929	123 133
Travel		6 846	10 402
Fellowships, grants, others		24 000	12 000
Operating expenses		32 018	2 959
Total, expenditure		271 793	148 494
Excess of expenditure over income		(5 498)	20 176

STATEMENT VI (concluded)

II. Statement of assets and liabilities as at 31 December 1991

(United States dollars)

		1991	1990
Assets			
Accounts receivable		-	6 828
Due from UNITAR General Fund	(statement III)	33 641	24 186
Deferred charges		11 400	-
		45 041	31 014
Liabilities			
Accounts payable		13 963	-
Unliquidated obligations		16 400	10 838
Total, liabilities		30 363	10 838
Fund balance			
Balance available as at 1 January 1991		20 176	-
Less: Excess of expenditure over income		(5 498)	20 176
Balance available as at 31 December 1991		14 678	20 176
Total, liabilities and fund balance		45 041	31 014

The accompanying notes are an integral part of the financial statements.

Notes to the financial statements

Note 1. Summary of significant accounting policies

The following are the significant accounting policies of UNITAR:

(a) As provided in article VIII of its statute, the United Nations Institute for Training and Research accounts are maintained in accordance with the Financial Regulations of the United Nations as adopted by the General Assembly, the rules formulated by the Secretary-General as required under the regulations, administrative instructions issued by the Under-Secretary-General for Administration and Management or the Controller and in conformity with generally accepted government accounting principles. The United Nations follows the International Accounting Standard 1 on the disclosure of accounting policies, as modified and adopted by the Consultative Committee on Administrative Questions at its fifty-fourth session as shown below:

(i) Going concern, consistency, and accrual are fundamental accounting assumptions. Where fundamental accounting assumptions are followed in financial statements, disclosure of such assumptions is not required. If a fundamental accounting assumption is not followed, that fact should be disclosed together with the reasons;

(ii) Prudence, substance over form, and materiality should govern the selection and application of accounting policies;

(iii) Financial statements should include clear and concise disclosure of all significant accounting policies that have been used;

(iv) The disclosure of the significant accounting policies used should be an integral part of the financial statements. The policies should normally be disclosed in one place;

(v) Financial statements should show corresponding figures for the preceding period;

(vi) A change in an accounting policy that has a material effect in the current period or may have a material effect in subsequent periods should be disclosed together with the reasons. The effect of the change should, if material, be disclosed and quantified.

(b) The Institute's financial statements are prepared on the historical cost basis of accounting and have not been adjusted to reflect the effects of changing prices for goods and services.

(c) Fund accounting. The Institute's accounts are maintained on a "fund accounting" basis. Separate funds for general or special purposes may be established by the General Assembly or the Executive Director. Each fund is maintained as a distinct financial and accounting entity, with a separate self-balancing double-entry group of accounts. Separate financial statements are prepared for each fund or for a group of funds of the same nature.

(d) The financial period of the Institute consists of one calendar year.

(e) In accordance with article VIII, paragraph 3 of the revised statute of UNITAR, income is recognized on a paid-in contributions basis.

(f) Translation of currencies. The accounts of the Institute are presented in United States dollars. Accounts maintained in other currencies are translated into United States dollars at the time of the transaction at rates of exchange established by the Controller. In respect of such currencies, the financial statements prepared at such intervals as may be prescribed by the Controller under delegation of authority from the Under-Secretary-General for Administration and Management, shall reflect the cash, investments, unpaid pledges and current accounts receivable and payable in currencies other than United States dollars, translated at the applicable United Nations rates of exchange in effect as at the date of the statements.

(g) Pledged contributions. Pledges are recorded as deferred income on the basis of a written commitment by a prospective donor to pay a monetary contribution at a specified time or times. These pledges are recorded in a memorandum account and are reflected in note 2. Only paid pledges are recorded as income.

(h) Investments. Funds on deposit in interest-bearing bank accounts and call accounts are shown in the statements of assets and liabilities as cash.

(i) Deferred charges:

(i) Deferred charges comprise expenditure items that are not properly chargeable in the current financial period and will be charged as expenditure in the subsequent financial period;

(ii) For balance sheet statement purposes, only that portion of the education grant advance which is assumed to pertain to the scholastic year completed as of the date of the financial statement is shown as deferred charges. The full amount of the advance is maintained in the accounts receivable from staff members until such time as the staff member produces the required proof of entitlement to the education grant, at which time the budgetary account is charged and the advance recovered.

(j) Fixed assets. Furniture, equipment, other non-expendables and leasehold improvements are not included in the assets of the Institute. Acquisitions are charged against budgetary accounts in the year of purchase.

(k) The expenditures do not include possible costs to cover contingencies under appendix D to the United Nations staff rules, for personnel financed under resources obtained from voluntary contributions to the UNITAR General Fund and the Special Purpose Grants Fund. The term "expenditure" designates total obligations incurred whether liquidated or unliquidated.

(l) Miscellaneous income.

(i) The net income realized from the revenue-producing activities is reported as miscellaneous income.

(ii) Refunds of expenditures charged to the prior financial periods are credited to miscellaneous income.

(iii) Moneys accepted in respect of which no purpose is specified have been treated as miscellaneous income.

(iv) On the closing of the accounts at the end of each financial period, if the balance of the exchange accounts reflects a net loss on exchange, it is debited to the budgetary account. If there is a net gain, this is credited to miscellaneous income.

(v) The proceeds from the sale of surplus property are credited to miscellaneous income of the respective funds.

(m) The trust fund statements reflect the "clean surplus theory" by processing adjustments through the current income and expenditure accounts. Material adjustments for prior periods are, however, shown in the financial statements below the results of the current period so as not to distort them.

(n) Income tax refund policy. UNITAR salaries are charged to the budget on a net basis during the year in which the services have been rendered. Income tax refunds are charged to the year in which they are made to the staff member.

(o) The obligations incurred for the Special Purpose Grants Fund are accounted for on a project basis; therefore, commitments are recorded for the life of each project.

Note 2. General Fund: schedule of pledged contributions as at 31 December 1991

(United States dollars)

Countries	Unpaid pledges as at 1 January 1991	Add: Pledges for 1991	Add: Pledges for future years	Less: Collections during 1991	Less: Loss (gain) on exchange	Unpaid pledges as at 31 December 1991
Algeria	-	10 000	-	10 000	-	-
Argentina	-	17 144	-	17 144	-	-
Brazil	-	-	5 000	-	-	5 000
Burkina Faso	500	-	-	-	-	500
Cameroon	41 849	21 342	-	63 191	-	-
Chile	5 000	5 000	-	-	-	10 000
China	-	10 000	10 000	-	-	20 000
Congo	15 000	-	-	-	-	15 000
Côte d'Ivoire	-	-	22 000	-	-	22 000
Cuba	2 000	-	-	-	-	2 000
Czechoslovakia	-	12 712	17 302	-	2 331	27 683
Democratic Yemen	2 169	-	-	-	-	2 169
France	-	78 892	73 395	68 376	10 516	73 395
Gabon	79 681	-	-	-	6 421	73 260
Greece	-	5 000	-	5 000	-	-
India	20 000	20 000	20 000	20 000	-	40 000
Indonesia	-	4 000	4 000	4 000	-	4 000
Iran (Islamic Republic of)	-	10 000	10 000	10 000	-	10 000
Iraq	15 000	-	-	-	-	15 000
Italy	-	79 273	-	79 273	-	-
Jamaica	-	2 000	2 000	-	706	3 294
Japan	-	200 000	-	200 000	-	-
Kenya	2 087	1 252	-	-	644	2 695
Kuwait	20 000	-	-	20 000	-	-
Libyan Arab Jamahiriya	20 000	-	-	-	-	20 000
Mali	500	-	-	-	-	500
Malta	-	1 007	-	1 007	-	-
Mauritius	-	500	-	500	-	-
Mexico	-	5 000	-	5 000	-	-
Nigeria	-	73 558	-	73 558	-	-
Oman	10 000	3 000	3 000	-	-	16 000
Pakistan	10 000	15 000	15 000	15 000	-	25 000
Paraguay	-	1 000	1 000	-	-	2 000
Philippines	1 765	2 000	-	404	-	3 361

Note 2 (continued)

Countries	Unpaid pledges as at 1 January 1991	Add: Pledges for 1991	Add: Pledges for future years	Less: Collections during 1991	Less: Loss (gain) on exchange	Unpaid pledges as at 31 December 1991
Republic of Korea	-	10 000	10 000	10 000	-	10 000
Romania	-	-	1 111	-	-	1 111
Rwanda	14 000	-	-	-	-	14 000
Senegal	6 000	-	-	-	-	6 000
Sierra Leone	1 500	-	-	-	-	1 500
Somalia	12	-	-	-	(1)	13
Suriname	-	-	1 000	-	-	1 000
Swaziland	1 550	-	712	-	128	2 134
Switzerland	-	130 814	-	130 814	-	-
Trinidad and Tobago	-	7 024	-	7 024	-	-
Tunisia	2 418	2 370	2 178	2 545	226	4 195
Turkey	2 000	-	-	-	-	2 000
Uganda	600	-	-	-	264	336
United Republic of Tanzania	-	918	783	-	157	1 544
United States of America	8 797	-	-	-	-	8 797
Uruguay	-	1 000	-	-	-	1 000
Venezuela	-	10 000	-	9 963	-	37
Yemen	2 000	-	2 000	-	-	4 000
Zaire	4 000	1 000	-	5 000	-	-
Total a/	288 428	740 806	200 481	757 799	21 392	450 524 b/
a/ Recapitulation by year:						
1989 and prior	223 497	-	-	43 849	6 917	168 957
1990	64 931	-	-	42 000	295	13 628
1991	-	740 806	-	671 950	3 141	78 524
Future years	-	-	200 481	-	11 039	189 415
	288 428	740 806	200 481	757 799	21 392	450 524

b/ Unpaid pledges of $450 524 are not included in statement III in accordance with article VIII, paragraph 3, of the revised statute of UNITAR (A/43/697/Add.1).

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